

HISTORY OF THE 2015-17 BIENNIAL BUDGET

This section provides a narrative history of the 2015-17 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to its introduction. This history starts at that point.

On July 9, 2014, the Department of Administration (DOA) released Governor Scott Walker's major budget policies. On July 24, 2014, the technical budget instructions were issued for each state agency to follow in preparing their 2015-17 biennial budget requests. Included in these policy directives were instructions that state agencies prepare their 2015-17 biennial budget requests based on 100 percent of their fiscal year 2014-15 adjusted base. In addition, agencies were to assume zero growth in overall state general purpose revenue (GPR) appropriations, except for K-12 school aids, required basic cost-to-continue needs for the state's institutions, entitlement and related assistance programs in the Department of Health Services (such as Medical Assistance), the Department of Children and Families' Division of Safety and Permanence, the Department of Workforce Development's Division of Vocational Rehabilitation, and housekeeping adjustments such as standard budget adjustments, fuel and utilities, and debt service.

Under 2013 Wisconsin Act 20 (2013-15 biennial budget), the Secretary of the Department of Administration was authorized to lapse or transfer \$38.3 million annually from the budgets of selected state agencies to the general fund in the 2013-15 biennium. This requirement was extended to include fiscal year 2015-16 by 2013 Wisconsin Act 145. Agencies were not permitted to submit any request or remove or modify this requirement as part of their biennial budget request. In addition, agencies were not to submit requests related to anticipated changes that may result from the State Transforming Agency Resources (STAR) project.

Agencies were also required to report on performance measures identified in previous biennial budgets. For the 2015-17 biennial budget, agencies were asked to report actual outcome measures through fiscal years 2012-13 and 2013-14. Planned outcome measures were to be included for fiscal years 2014-15, 2015-16, and 2016-17.

By statute, executive branch agencies were required to submit their formal budget requests to the Department of Administration and the Legislative Fiscal Bureau by September 15, 2014. The Division of Executive Budget and Finance (within DOA) began reviewing agency funding requests as they were submitted. On November 20, 2014, as required by statute, DOA distributed a compilation of state agencies' 2015-17 biennial budget requests to Governor Walker and members of the Legislature. This report indicated that agencies were seeking total 2015-17 funding of \$75.52 billion (all funds), of which \$34.37 billion was requested from general purpose revenue. Also included in the summary was the statutorily-required estimate of tax revenues for fiscal year 2014-15 and the 2015-17 biennium, as developed by the Department of Revenue. For fiscal year 2014-15, state tax revenues were estimated at \$14.64 billion. Total general fund tax collections for the 2015-17 biennium were projected at \$30.69 billion.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other information, on January 23, 2015, the Bureau estimated that the state's general fund would realize a total of \$3.3 million more in tax collections for the period from 2014-15 through 2015-17 than was reflected in the administration's November 20 report. However, the Fiscal Bureau annual projections compared to the administration's estimates were \$173.5 million lower in 2014-15, \$110.9 million higher in 2015-16, and \$65.9 million higher in 2016-17.

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the Legislature on or before the last Tuesday in January of each odd-numbered year. However, under 2015 Senate Joint Resolution 1 adopted by the Senate on January 5, 2015, and concurred in by the Assembly on January 5, 2015, this deadline for the submission of Governor Walker's budget was extended to February 4, 2015. Although extended to February 4, the Governor delivered the budget message to the Legislature on February 3.

On February 3, 2015, the Joint Committee on Finance (JFC) introduced companion biennial budget bills--Assembly Bill 21 and Senate Bill 21. These bills were referred to the Joint Committee on Finance. The recommendations of the State Building Commission constituting the capital budget and the state building programs were submitted to the Joint Committee on Finance on April 7, 2015.

On February 4, 2015, a report was requested from the Joint Survey Committee on Tax Exemptions on certain provisions of the budget bills.

The Joint Committee on Finance held agency informational briefings on the biennial budget on March 2, 3, and 4. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. The agencies selected to appear before the Committee included: Department of Administration, Department of Corrections, Supreme Court, Department of Justice, Department of Natural Resources, Department of Workforce Development, University of Wisconsin System, Department of Public Instruction, Department of Health Services, Department of Transportation, Department of Revenue, Department of Children and Families, Department of Financial Institutions, Department of Safety and Professional Services, Wisconsin Economic Development Corporation, and the Wisconsin Housing and Economic Development Authority.

The Joint Committee on Finance held four public hearings on the biennial budget. Public hearings were held in Brillion on March 18, Milwaukee on March 20, Rice Lake on March 23, and Reedsburg on March 26.

On April 15, 2015, Senator Alberta Darling (R-River Hills), the Senate Chair of the Joint Committee on Finance, and Representative John Nygren (R-Marinette), the Assembly Chair of the Joint Committee on Finance, issued a memorandum identifying a total of 14 non-fiscal policy items in the budget that would not be addressed as part of the Joint Committee on Finance's budget deliberations.

On May 6, 2015, the Legislative Fiscal Bureau sent a letter to the Co-chairs of the Joint

Committee on Finance regarding recent tax collection data. Based on its review of collection data and economic forecasts, the Bureau indicated that general fund tax revenue estimates of January 23 should not be revised.

The Joint Committee on Finance held a total of 12 executive sessions on the biennial budget bill. The first executive session was held on April 15, and the last was held on July 2. At the Committee's final executive session (July 2), the Committee adopted a substitute amendment incorporating all of its previous actions modifying the biennial budget. The vote to recommend Assembly Bill 21/Senate Bill 21 for passage, as amended, was 12-4.

Under section 13.95(1r) of the statutes, as created by 2011 Act 220, the Legislative Fiscal Bureau is now required to prepare an earmark transparency report on each biennial budget bill and on each amendment to that bill. The report is required to include the following elements: (1) a list of all earmarks; (2) the cost of each earmark; (3) the beneficiary of each earmark, if the Bureau can make this determination, and the assembly and senate district in which the beneficiary resides (for individuals) or is located (for entities); and (4) for a report on a budget amendment, the name of the legislator who proposed the earmark.

Under section 13.102 of the statutes, the Joint Committee on Finance cannot vote to recommend passage of the biennial budget bill or an amendment to the bill until the required report, on either the bill or amendment, has been distributed by the Bureau to each member of the Legislature and is made available on the Legislature's website. Section 13.39 of the statutes specifies that neither house of the Legislature may pass the biennial budget bill until the Bureau has distributed a copy of an earmark transparency report on the bill, as amended, to each member of the Legislature and has made the report available on the Legislature's website.

Under these provisions, the Legislative Fiscal Bureau released earmark reports as follows:

- April 14, 2015--Earmark Transparency Report on AB 21/SB 21: Total of six earmarks.
- July 2, 2015--Earmark Transparency Report on the JFC substitute amendment: Total of 22 earmarks-- 4 included in AB 21/SB 21 (Governor) and an additional 18 added by JFC.
- July 7, 2015--Earmark Transparency Report on SSA 1 to SB 21, as amended by the Senate: Total of 22 earmarks--no additional earmarks added by the Senate.
- July 8, 2015--Earmark Transparency Report on Engrossed SB 21: Total of 22 earmarks--no additional earmarks added by the Assembly.

On June 17, 2015, the Joint Survey Committee on Tax Exemptions submitted its report on provisions included in Assembly Bill 21/Senate Bill 21. That Committee found that there were no questions of legality regarding the provisions of the bill described in the report and determined that it was good public policy.

Prior to Senate and Assembly deliberations on the budget, the Legislative Fiscal Bureau conducted briefings with the caucuses in both houses on the provisions of the budget bill.

The Senate took action on the 2015-17 state budget on July 7, 2015. During the Senate deliberations, 45 amendments to SSA 1 to Senate Bill 21 were offered. Two amendments were adopted—Senate Amendment 1 and 2 to SSA 1 to Senate Bill 21. On July 7, 2015, Senate Substitute Amendment 1, as amended, was adopted and the bill, as amended, was passed on a vote of 18-15. The bill was immediately messaged to the Assembly.

The Assembly debated the 2015-17 state budget on July 8, 2015. A total of 31 amendments to Senate Bill 21, as passed by the Senate, were offered. No amendments were adopted. The Assembly concurred with the Senate by a vote of 52-46 on July 8, 2015.

The bill was enrolled and presented to the Governor on July 10, 2015. Governor Walker approved Enrolled Senate Bill 21, in part, on July 12, 2015, and had it deposited to the Office of the Secretary of State on July 13, as 2015 Wisconsin Act 55. The Governor indicated in his message to the Legislature that he had exercised his authority to make 104 partial vetoes to the bill, as passed by the Legislature. 2015 Wisconsin Act 55 was published on July 13, 2015, and except as otherwise specifically provided, became effective the following day.

BRIEF CHRONOLOGY OF THE 2015-17 BUDGET

Governor/Administration

- July 9, 2014 Department of Administration issued major budget policies.
- July 24, 2014 Department of Administration issued technical budget instructions.
- September 15 Agency deadline for submission of budget requests.
- November 20 Executive Budget Office submitted a compilation of agency budget requests and Department of Revenue estimate of tax revenues.
- February 3, 2015 Governor Walker delivered budget message and recommendations to the Legislature.
- April 7 Recommendations of the State Building Commission for the capital budget and state building program submitted to the Joint Committee on Finance.

Joint Committee on Finance

- January 23 Legislative Fiscal Bureau releases general fund expenditure and revenue projections.
- February 3 Introduced the executive budget as 2015 Assembly Bill 21/Senate Bill 21.
- March 2-4 Budget bill briefings by agency officials.
- March 18-26 Public hearings (Brillion, Milwaukee, Rice Lake, Reedsburg).
- April 7 Received recommendations of the State Building Commission for the capital budget and authorized state building program.
- April 15 Non-fiscal items removed from budget bill.
- April 15-July 2 Executive sessions.
- July 2 Adopted Senate Substitute Amendment 1 (SSA 1) to SB 21 and Assembly Substitute Amendment 1 (ASA 1) to AB 21 and recommended the bills for passage on a 12-4 vote.

Legislature

- July 7 Senate adopted Senate Substitute Amendment 1, as amended by Senate Amendment 1 and 2, to SB 21 and passed the bill, as amended, on a vote of 18-15.
- July 8 Assembly concurred with the Senate's action on the budget bill, on a vote of 52-46.

Enactment

- July 10 Enrolled SB 21 presented to Governor.
- July 12 Governor approved bill, with 104 partial vetoes, as 2015 Wisconsin Act 55.
- July 13 Act 55 published.
- July 14 Act 55 became generally effective.